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Report Highlights:

***Government hikes rice and wheat export prices*, *Monsanto to try new Bt cotton strains - efforts on to get things right for north India; corn next?*, *New GEAC chairperson*, *Belgium stops Indian grape sales over fears of chemical residues*, *Wine drinkers set for heady days*, *SAB to take control of Shaw Wallace breweries*, *Rice exporters oppose basmati paddy export move*, *Bangladesh: New tender for food imports this month*, *Bangladesh: Ray of hope for tea - two high yielding clones developed*.**

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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GOVERNMENT HIKES RICE AND WHEAT EXPORT PRICES

The GOI has revised the sales price of rice for exports up by more than 10 percent for the July-September quarter, thereby jeopardizing India's rice export prospects. The revised export prices effective July 1 are: rs. 7,300 (\$155.3) per metric ton for white rice and rs. 7,500 (\$159.6) per ton for parboiled rice from the 2002 crop. For the 2001 crop, prices are rs. 7,225 (\$153.7) per ton for white rice and rs. 7,425 (\$158) for parboiled rice. These prices are \$12-15 per ton higher than the April - June quarter prices. According to trade sources, the hike in the rice export price would raise the FOB price of 25 percent broken to around \$174 per ton. Exporters said they would avoid making fresh deals in coming months and instead execute outstanding contracts for an estimated 200,000 tons, due to be shipped in May and June to markets such as Africa, Bangladesh and Indonesia. "I think the government wants to discourage rice exports as procurement has fallen this year," a grain exporter based in Ahmedabad said.

The government has also increased the sales price of wheat for exports effective July 1, 2003, which will remain in force for the July-September quarter. The revised prices are rs. 5,550 (\$118) per metric ton for the 2003 crop, rs. 5,250 (\$111.7) for the 2002 crop, rs. 5,110 (\$108.7) for the 2001 and 2000 crop. Wheat from the 1999 and 1998 harvest will be supplied at rs. 4,910 (\$104.5) and rs. 4,510 (\$96) per metric ton respectively. (Financial Express, 05/20/03; Business Standard, 05/21/03; and Business Line, 05/23/03)

MONSANTO TO TRY NEW BT COTTON STRAINS - EFFORTS ON TO GET THINGS RIGHT FOR NORTH INDIA; CORN NEXT?

According to Ms. Ranjana Smetacek, Director, Public Affairs, Monsanto India, "a number of suitable hybrids for North India from Mahyco and other companies which have co-licence from Monsanto, are on trial." Specifically she said that Monsanto has co-licensed about seven companies to bring biotechnology to the cotton farmers in North India, and field trials are on for most of these varieties. She also mentioned that Bt cotton hybrid sales during last year were estimated at 80,000 packets of 450 grams each (meant for sowing one acre), despite a delayed approval. According to Ms. Smetacek, this year the company is planning to sell 700,000 such packets of Bt cotton hybrids along with 120 gram packets of conventional hybrids (meant for sowing in the refugee belt - per GEAC stipulation). Ms. Smetacek, replying to a question on the Monsanto's plans to introduce other Bt varieties, said that the firm is getting ready for field trials of its bioengineered corn variety. (Source: Business Line, 5/22/03)

NEW GEAC CHAIRPERSON

Mr. V.K. Duggal has been appointed as the new chairman of the Genetic Engineering Approval Committee (GEAC), the apex body for approval of bioengineered crops and foods in India, replacing Ms. Sushma Chaudhury. Mr. Duggal had been in the position of Director General in the Ministry of Tourism. (Source: Ministry of Environment and Forest)

BELGIUM STOPS INDIAN GRAPE SALES OVER FEARS OF CHEMICAL RESIDUES

The Belgian food safety authority has taken Indian green seedless grapes off supermarket shelves over fears of high chemical residue levels leading to stomach cramps in children. Earlier the Dutch food safety authority took the grapes off the market for similar reasons. (Source: Economic Times 5/19/03)

WINE DRINKERS SET FOR HEADY DAYS

The Indian wine market is set for exciting times with the imminent launch of a slew of domestic and international brands. Industry watchers report a definite shift by health conscious Indians towards wine and away from traditional hard drinks. Up from a mere 0.6 million bottles in 1997, the Indian wine market is estimated to have grown to 3.5 million bottles, and is expected to continue to grow by 20-25 percent annually over the next few years. Nearly 80 percent of the wine market is concentrated in the four metropolitan areas (Delhi, Mumbai, Calcutta, and Chennai) and urban cities like Pune, Bangalore, Hyderabad, etc. The entry of several multinationals into this segment through local distribution alliances also has spurred the market. Domestic wineries are focusing on upgrading technology and increasing capacities. (Source: Business Line 5/19/03)

SAB TO TAKE CONTROL OF SHAW WALLACE BREWERIES

SABMiller Plc will take management control of Shaw Wallace Breweries, which will combine their beer operations in India. This merger will give SABMiller a leading position in the fast growing beer market with a market share of 35 percent. The new company will have a national manufacturing base of 11 owned and 11 contract breweries; and a wide portfolio of brands including Haywards, Royal Challenge, Castle Lager, and Knockout. (Source: Business Line 5/22/03)

RICE EXPORTERS OPPOSE BASMATI PADDY EXPORT MOVE

Indian Basmati rice exporters have opposed the government's decision to allow exports of basmati paddy (unmilled rice). They feel that free exports of basmati paddy would encourage other countries to grow basmati by importing paddy from India. Mr. Gurnam Arora, past president of the All India Rice Exporters' Association, alleged that rival countries would be encouraged to make fresh attempts to kidnap the brand equity associated with Indian basmati rice. A buyer importing basmati paddy from India could sell it under their own brand name and thus result in value addition moving out of India. (Economic Times, 05/22/03)

BANGLADESH: NEW TENDER FOR FOOD IMPORTS THIS MONTH

In a move to replenish low food stocks, the government will float fresh international tenders this month for import of 100,000 tonnes of rice and an equal quantity of wheat. The government cancelled the previous

tenders in view of poor responses from bidders and high price quotations. The fresh tenders for import of rice and wheat would be floated soon, allowing a 45-day shipment period. The government's food grain procurement drive in the last aman season did not make much headway, due to the poor harvest and its delayed start. The subsequent wheat season also saw a poor harvest. As a result, the private sector imported about 2.4 million tonnes of rice and wheat in the first 10 months of the current fiscal year. (Source: The Daily Star, 05/22/03)

BANGLADESH: RAY OF HOPE FOR TEA - TWO HIGH YIELDING CLONES DEVELOPED

Reacting to calls for increased tea production in the face of increased domestic consumption, local researchers have come up with two new high yielding tea clones. The two new clones, BT-14 and BT-15, developed by the Bangladesh Tea Research Institute (BTRI), will help boost the production of tea, officials of the research institute said. The average production of BT-14 is 3,380 kg a hectare while the BT-15 yield is 4,830 kg. The average production of existing varieties is 1,250 kg per hectare. (Source: The Daily Star, 05/17/03)

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